

RECEIVED
CFTC



2011 DEC 21 AM 9:16

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

OFFICE OF THE
SECRETARIAT

December 20, 2011

VIA E-MAIL

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: Founding Member Over-The-Counter Interest Rate Swap Incentive Program
CME Submission No. 11-522**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc ("CME" or the "Clearing House") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a Founding Member Over-The-Counter Interest Rate Swap Incentive Program ("Program"). This Program will become effective on January 6, 2012.

Exhibit 1 sets forth the terms of this Program.

CME business staff responsible for the Program and the CME legal department collectively reviewed the derivatives clearing organization core principles (the "Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME staff identified the following Core Principles as potentially being impacted;

Derivatives Clearing Organization ("DCO") Core Principles: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping, Public Information and Information Sharing:

The incentives in this Program will have a non-material impact on the financial resources of the Clearing House. As such, it will not prevent the Clearing House from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a DCO. CME has selected the firms that are eligible for the Program based on their participation as founding dealers in CME's OTC interest rate clearing offering. Further, the incentives provided under the Program will not impact the Clearing House's ability to perform its monitoring or enforcement obligations under the CEA. Chapter 4 of the CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The proposed Program will be subject to these rules. The proposed Program will be subject to the Clearing House's records retention policies which comply with the CEA. The Program contains "information concerning" each clearing and other fee that the DCO charges members and participants. A potential participant in the Program who wishes to subscribe to the program may contact the Clearing House to receive further information regarding the fees that are charged to Program participants.

CME certifies that the Program complies with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views to this Program.

Mr. David Stawick
Page 2
December 20, 2011

CME certifies that this submission has been concurrently posted on CME's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

If you require any additional information regarding this submission, please contact Robert Lev at 312-930-3019 or via e-mail at robert.lev@cmegroup.com, or contact me at 212-299-2200. Please reference our CME Submission No. 11-522 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director, Chief Regulatory Counsel

Attachments

EXHIBIT 1

Founding Member Over-The-Counter Interest Rate Swap Incentive Program

Program Purpose

The purpose of the Program is to provide more liquid markets in OTC Interest Rate Swap products. By incentivizing large market participants CME expects to bring in increased volume. The resulting addition of liquidity of these products benefits all participants in the market.

Product Scope

CME OTC Interest Rate Swaps that are cleared by the Clearing House ("Products").

Eligible Participants

CME selected the participants based on their ability to provide liquidity, client clearing and risk management expertise as well as their willingness to design and test the offering on an on-going basis.

Program Term

Start date is January 6, 2012. End date is December 31, 2012.

Hours

N/A

Incentives

Discounted Fees. Participants will be eligible to receive predetermined discounts for transaction fees regarding the Products.